

Severance Tax Credit Study Group Minutes
June 26, 2008, 1PM - CCI Conference Room

Attendees

Department of Local Affairs - Susan Kirkpatrick, Bruce Eisenhauer, Tony Hernandez, Steve Colby, Cynthia Thayer, Becky Dorward

Colorado Counties Inc. - Ken Parsons, Rio Blanco County

Department of Revenue - Tim Weber

Department of Natural Resources – Mike King

Energy Impact Assistance Advisory Committee - Kirk Weber – Dept of Education, Carl Miller – Town of Leadville, Stephen Loshbaugh – Town of Meeker, Jennifer Finch &

Melissa Nelson (for Stockinger) – Department of Transportation

Colorado Oil and Gas Association - Jim Cole, Garin Vorthmann

Meeting was called to order at 1:05 by Susan Kirkpatrick. The study group started with a brief overview of the study group process and purpose, in addition to background information about HB1084. The study group also briefly discussed the history of the tax credit.

The study group then discussed suggestions for other "stakeholders". Broad participation and consensus among the study group are important to success of the recommendations. Specific additional suggestions from the group should go to Colby. DOLA will contact them.

Suggestions for additional participation included:

- Tax and bond professionals to show how tools might be designed.
- Local government attorneys to discuss possible TABOR implications, Governor's office representative to make sure legislative proposals don't surprise them.
- Someone in oil and gas accounting to show how credit fits into corp finance.
- State attorney general staff to comment on state law issues.

The study group discussed why the tax credit tool has not been used in many years. Possible reasons included: lack of institutional memory among taxpayers, the statute was crafted during time with metal and coal mines and not oil and gas production, low severance tax liability, and that the grant option for funding is there instead.

Over the course of the study group, DOLA will coordinate logistics and communications, prepare agenda, develop papers and proposals, do research as requested by the study group and post material to the web. Phone participation will be possible for those committee members who can't attend the study sessions. These study group meetings are open, meetings. A final report will be developed by Jan 31, 2009 to submit to the legislature.

The next meeting will be on July 15 from 1PM to 4PM at CCI. DoLA will send out materials.

Assignments for the next meeting

DOLA tasks

- Contact additional members

- Provide written information to give out for next meeting - Steve will send out a process memo in PDF format

Study group member tasks

- Read materials, make recommendations and requests to Steve Colby

- Be thinking “outside the box” about updating this statute

Future items 1) Request help from Legislative Council staff regarding how much severance credit statute can be changed without triggering the TABOR tax increase issue. 2) TABOR status of contributions to local governments. 3) Find out how a severance tax credit agreement might be transferred to successive mineral interest owners.